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DARLENE GREEN
Comptroller

SEDRICK D. BLAKE, CPA
Audit/Fiscal Executive



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS

Internal Audit Section



Carnahan Courthouse Building
1114 Market St., Room 642
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

April 28, 2008

Cheryl Oliver, Executive Director
St. Louis Effort for AIDS, Inc.
1027 S. Vandeventer, Ste. 700
St. Louis, MO 63110

RE: Fiscal Monitoring Report of St. Louis Effort for AIDS, Inc., AIDS Prevention Programs; Contracts #HD-07-11, #HD-07-15, #HD-07-18, #HD-07-19, #HD-07-20 and #HD-07-33; CFDA #93.914, #93.917 & #93.940 (Project #2008-DOH2)

Dear Ms. Oliver:

Enclosed is a report of our fiscal monitoring review of St. Louis Effort for AIDS, Inc. (Agency), AIDS Prevention Programs for the period January 1, 2007 through August 31, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of the Agency. Our fieldwork was completed on October 1, 2007.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Department of Health to provide fiscal monitoring to all grant sub-recipients. If you have any questions, please contact Ishmael Ikpeama at (314) 589-6113.

Sincerely,

Mohammad H. Adil, CPA
Internal Audit Manager

Enclosure

cc: Henrietta Brown, Fiscal Manager, Department of Health



CITY OF ST. LOUIS

*DEPARTMENT OF HEALTH
ST. LOUIS EFFORT FOR AIDS, INC.*

*METRO-AIDS PREVENTION, CFDA #93.940
RYAN WHITE TITLE I, CFDA #93.914
RYAN WHITE TITLE II, CFDA #93.917*

*CONTRACTS #HD-07-11, #HD-07-15, #HD-07-18, #HD-07-19, #HD-07-20, & #HD-07-33
DOCUMENTS #55070, #55067, #55263, #55266, #55265, & #55267*

*FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH AUGUST 31, 2007*

PROJECT #2008-DOH2

DATE ISSUED: APRIL 28, 2008

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HEALTH
ST. LOUIS EFFORT FOR AIDS, INC.
AIDS PREVENTION PROGRAM
CONTRACTS #HD-07-11, #HD-07-15, #HD-07-18, #HD-07-19,
#HD-07-20 & #HD-07-33
CFDA #93.914, #93.917 & 93.940
FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH AUGUST 31, 2007**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
CONCLUSION AND SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	3-4

**CITY OF ST. LOUIS
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ST. LOUIS EFFORT FOR AIDS, INC.
AIDS PREVENTION PROGRAMS
CONTRACTS #HD-07-11, #HD-07-15, #HD-07-18, #HD-07-19,
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FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH AUGUST 31, 2007**

INTRODUCTION

Background

Contract Name: St. Louis Effort for AIDS, Inc.

CFDA Numbers: 93.940, Metro-AIDS Prevention Program
93.914, Ryan White Title I Program
93.917, Ryan White Title II Program

Contract Numbers: HD-07-11, HD-07-15, HD-07-18, HD-07-19,
HD-07-20 & HD -07-33

Contract Periods: January 1, 2007 through February 28, 2008

Contract Amounts: \$68,450; \$68,450; \$110,000; \$32,500; \$17,538; & \$88,000

The St. Louis Effort for AIDS, Inc. received funds from the Health Resources and Services Administration (HRSA) through the Cit of St. Louis Department of Health (DOH). These funds were used to provide early intervention/outreach services, case management, and AIDS prevention services for HIV positives individuals.

Purpose

The purpose of our fiscal monitoring review was to determine the Agency's compliance with federal and local DOH requirements for the period March 1, 2007 through February 28, 2008 and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding the Agency's expenditures relating to the grant administered by DOH, tested evidence supporting the reports the agency submitted to DOH and performed other procedures considered necessary. Our fieldwork was completed on October 1, 2007. Management's responses were received on March 26, 2008 and have been incorporated into the report.

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FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH AUGUST 31, 2007**

CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal and local DOH requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated October 13, 2006 identified no observations.

A-133 Status

The Agency's A-133 audit report for the year ended December 31, 2006 was issued July 2, 2007. The A-133 expressed unqualified opinions on both the general purpose financial statements as well as the report issued on compliance for major programs. There were no reportable conditions or audit findings noted by the external auditors. IAS reviewed this report and recommended for its acceptance.

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist the Agency in complying with federal and local DOH requirements:

1. There was an overcharge of a mileage reimbursement.
2. Federal grant expenditures are not reviewed and approved consistently.

**CITY OF ST. LOUIS
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**DETAILED OBSERVATIONS, RECOMMENDATIONS AND
MANAGEMENT'S RESPONSES**

1. There was an overcharge of a mileage reimbursement.

DOH policy guidelines require that all sub-recipients establish sound internal controls to ensure all reimbursement requests are supported by approved proofs of payments.

The Agency was reimbursed twice for the same expenditure. The Agency paid an employee \$72.64 for the mileage expense incurred in June 2007. The Agency, however, submitted reimbursement requests for this expense once in June 2007 and then again in July 2007. This amount was paid with City of St. Louis checks #108092081 and #1080923587. The employee, however, was paid only once (Agency check #36401).

Recommendation

We recommend that the Agency establish internal controls to ensure all items requested for reimbursement are supported by approved invoices or other support documentation that have been stamped "paid" to avoid their duplicate submission.

Management's Response

We concur with your observation that the Agency lacked adequate controls to prevent duplicate posting. The agency has addressed and resolved this issue by outsourcing to an independent accounting firm (LRM) which provides maintenance of adequate verification and full documentation of expenditures of funds. LRM performs monthly reconciliation of all bank accounts to general ledger. All disbursement checks are signed by two officers of this agency.

2. Federal grant expenditures are not reviewed and approved consistently.

DOH's policy guidelines require the Agency to have sound internal controls in place to ensure adequate separation of duties regarding invoice processing and approval, posting of expenses to general ledger, processing check requests and disbursing funds. The approval by another individual provides controls to detect and prevent errors and omissions before a transaction is fully executed.

During our review, we determined that the expenses were not reviewed and approved by the appropriate management personnel consistently.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS AND
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2. Continued

Inadequate management oversight regarding approval of invoices can result in duplicate payments and reimbursements.

Recommendation

We recommend that all the Agency's expenses be reviewed and approved by the appropriate management personnel to comply with DOH policy guidelines. We also recommend the Agency ensure that reimbursements made to DOH for expenses incurred are supported with approved invoices.

Management's Response

We concur with your observation that the Agency lacked adequate approval prior to payments issued. The agency has addressed and resolved this issue by:

- 1. It is the policy of the agency that reimbursement requests for expenses be approved by the department head before the check request is submitted to LRM.*
- 2. LRM will not process a check without proper approval signatures.*